U.S. Department of the Interior
Bureau of Land Management
White River Field Office
73544 Hwy 64
Meeker, CO 81641

ENVIRONMENTAL ASSESSMENT

NUMBER: CO-110-2006-057-EA

CASEFILE/PROJECT NUMBER: COC-8424

PROJECT NAME: Coal Lease Modification to COC-8424

LEGAL DESCRIPTION: T3N, R101W, Sec. 28, S½S½NW, N½SE

APPLICANT: Blue Mountain Energy

ISSUES AND CONCERNS: None

DESCRIPTION OF PROPOSED ACTION AND ALTERNATIVES:

Background/Introduction: Blue Mountain Energy (BME) operates the Deserado underground longwall coal mine that supplies the Bonanza Power Plant in Bonanza, Utah. The mine is located in Rio Blanco County, Colorado approximately 7 miles northeast of Rangely, Colorado. Coal is transported from the mine to the Bonanza Power Plant via a surface electric rail system. The mine has been in operation since 1985 and controls 7 federal coal leases (8,309 acres) for a total of 10,829 surface acres permitted for the mining operation. All of BME coal leases are federal coal leases. In 1985 these coal leases were formed into the Deserado Mine Logical Mining Unit (LMU). Current total disturbed acreage is approximately 423 acres. Geologic conditions require the development entries and longwall panels to be aligned at an angle to the lease lines. Approximately 1.7 to 2.2 million tons of clean coal is shipped annually to the Bonanza Power Plant.

Proposed Action: To develop longwall panels in an adjacent Federal Coal Lease COC-8424, BME submitted an application to increase the acreage under current Federal Coal Lease (2,552 acres) COC-8424 by 120 acres. The additional acreage consists of an 80-acre parcel and a 40-acre parcel located on the eastern edge of COC-8424. Coal Lease COC-8424 is one of seven Federal Coal leases in the Deserado Logical Mining Unit (LMU) located in the Prairie Dog Tract. The area of the lease modification will be used for underground mining. Surface utilities that maybe constructed on the area to support underground mining in the future may include rock dusting tanks, ventilation shafts, and/or liquid storage tanks with vertical boreholes accessing the underground workings. Surface disturbance involved with these utilities are typically less than 1 acre; however, these are not part of this proposed action and environmental analysis for each

action will occur if these utilities are required in the future. A maximum of seven feet of surface subsidence is possible in the area overlying the underground workings. Longwall subsidence in this area is typically subtle leaving no displacement scarps.

Applicable mitigation from the Blue Mountain Energy Inc., Mining Permit Application – Deserado Mine Plan will remain in full force and affect for all resources.

No Action Alternative: The current lease would not be modified

ALTERNATIVES CONSIDERED BUT NOT CARRIED FORWARD: None

NEED FOR THE ACTION: Maximum recovery and efficient development of the coal resources currently under lease by Blue Mountain Energy. Section 3 Mineral leasing Act of 1920, as amended by section 13 of the Federal Coal Leasing Amendments Act of 1976 (30U.S.C. 203)

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with the following plan (43 CFR 1610.5, BLM 1617.3):

Name of Plan: White River Record of Decision and Approved Resource Management Plan (ROD/RMP).

Date Approved: July 1, 1997

Decision Number/Page: Page 2-7

Decision Language: "Ensure that federal coal resources identified as acceptable for further consideration for coal leasing, are available for exploration, leasing, and development."

REVIEW OF EXISTING NEPA DOCUMENTS:

Name of Document: Moon Lake Power Plant Project, Units 1 and 2; Environmental Impact Statement Record of Decision (ROD/EIS)

Date Approved: June 24, 1981

Name of Document: Blue Mountain Energy Inc., Mining Permit Application –Deserado Mine

Date Approved: May 2000

AFFECTED ENVIRONMENT / ENVIRONMENTAL CONSEQUENCES / MITIGATION MEASURES:

STANDARDS FOR PUBLIC LAND HEALTH: In January 1997, Colorado Bureau of Land Management (BLM) approved the Standards for Public Land Health. These standards cover upland soils, riparian systems, plant and animal communities, threatened and endangered species, and water quality. Standards describe conditions needed to sustain public land health and relate to all uses of the public lands. Because a standard exists for these five categories, a finding must be made for each of them in an environmental analysis. These findings are located in specific elements listed below:

CRITICAL ELEMENTS

AIR QUALITY

Affected Environment: The entire White River Field Office area has been classified as either attainment or unclassified for all pollutants, and most of the area has been designated prevention of significant deterioration (PSD) class II. The proposed action is located approximately 12 miles southeast of the Dinosaur National Monument visitor center. Dinosaur National Monument is a PSD class II air-shed with special designations regarding visibility.

Environmental Consequences of the Proposed Action: Underground operations of the proposed actions will not impact air quality locally or within the monument boundaries. Detailed summations of impacts to Air Quality are discussed in the Blue Mountain Energy's (BME) Deserado Mine approved permit application. See BME Mining Permit Application for this analysis, which is available in the WRFO.

Environmental Consequences of the No Action Alternative: None

Mitigation: None

CULTURAL RESOURCES

Affected Environment: The proposed lease expansion area was inventoried in 1979 as part of the larger inventory effort for the Coal Lease PRLA (Chandler and Nickens 1979, Compliance Dated 11/01/1980) for the Deserado Mine. Within the two proposed lease expansion areas two sites and three isolated finds were recorded. The sites were initially recorded as suspected open camp locations. The sites have not been revisited or reevaluated since the initial recordation in 1979.

Environmental Consequences of the Proposed Action: Adjustment of the lease boundaries and the logical mining unit for the mine will have no direct impacts on any of the reported cultural resources. However, any surface actions on the site locations or subsidence where the sites are at the edge of the subsidence zone could potentially adversely impact the sites.

Environmental Consequences of the No Action Alternative: There would be no new impacts to cultural resources under the No Action Alternative.

Mitigation: 1. The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during any project or construction activities, the operator is to immediately stop activities in the immediate area of the find that might further disturb such materials, and immediately contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary)
- a timeframe for the AO to complete an expedited review under 36 CFR 800-11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation cost. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

2. Pursuant to 43 CFR 10.4(g) the holder of this authorization must notify the AO, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.

3. Due to the age of the first inventory and the changes in landscape and protocols with the SHPO any surface activity that may impact the sites shall require that the sites be reevaluated and NRHP eligibility determined prior to the initiation of any such ground disturbing activity.

INVASIVE, NON-NATIVE SPECIES

Affected Environment: The land surface area associated with the proposed action has cheatgrass (invasive, annual, and non-native species) prevalent within the understory of the Wyoming sagebrush community.

There are no known infestations of noxious weeds within the direct vicinity of the proposal. The nearest known presence of noxious weeds is Russian knapweed that occurs approximately 3.5 miles east of the proposal at Prairie Dog Reservoir.

Environmental Consequences of the Proposed Action: All actions associated with the proposal are subsurface, thus there are no surface disturbances that may lead to an increase in invasive, non-native species. If a surface subsidence occurs, there would be an opportunity for invasive, non-native vegetation to displace native vegetation and dominate within the area of the subsidence.

Environmental Consequences of the No Action Alternative: None

Mitigation: If a surface subsidence occurs, the applicant shall monitor the disturbed area for the presence of invasive, non-native, and/or noxious plant species that may become established as a result of the subsidence. The applicant will be responsible for eradicating cheatgrass, noxious weeds, and/or problem weeds should they occur and/or increase in density as a result of the proposed action.

Upon detection of noxious, non-native, and/or invasive plant species, the applicant will control their presence before seed production using materials and methods as outlined in the RMP and/or authorized in advance by the White River Field Office Manager. Application of herbicides must be under field supervision of an EPA certified pesticide applicator. Herbicides must be registered by the EPA and application proposals must be approved by the BLM.

MIGRATORY BIRDS

Affected Environment: These parcels are composed of a Utah juniper-Wyoming big sagebrush community that supports a wide variety of migratory birds during the nesting season (early May through mid July). Those bird populations identified by the Rocky Mountain Bird Observatory Partners in Flight program as having higher conservation interest include black-throated gray warbler, gray flycatcher, Brewer's sparrow and gray vireo, all of which are well distributed at appropriate densities throughout the White River Resource Area's juniper woodlands. There are no specialized or narrowly endemic species known to occupy the project area.

Environmental Consequences of the Proposed Action: All disturbances associated with this project are subsurface and therefore will have no effect on availability of forage or cover for migratory birds. Potential subsidence beneath these parcels would have no long-term consequence on breeding bird abundance or reproductive/recruitment success.

Environmental Consequences of the No Action Alternative: The no-action alternative would have no conceivable influence on the breeding functions of migratory birds.

Mitigation: None

THREATENED, ENDANGERED, AND SENSITIVE ANIMAL SPECIES (includes a finding on Standard 4)

Affected Environment: There are no special status species that are known to inhabit or derive important use from the project area. The project area is located on the periphery of greater sage-grouse range however, due to the rugged terrain and predominantly juniper overstory, it is extremely unlikely that the area experiences any use by sage-grouse.

Environmental Consequences of the Proposed Action: The proposed action would have no conceivable influence on habitat suitability or utility for sage-grouse. Future project proposals would be evaluated individually and in the context of current grouse use of these habitats as well as the birds' population status at the time.

Environmental Consequences of the No Action Alternative: The no-action alternative would have no conceivable influence on special status species.

Mitigation: None

Finding on the Public Land Health Standard for Threatened & Endangered species: The proposed and no action alternatives would have no conceivable influence on special status species.

WASTES, HAZARDOUS OR SOLID

Affected Environment: There are no known hazardous or other solid wastes on the subject lands. No hazardous materials are known to have been used, stored or disposed of at sites included in the project area.

Environmental Consequences of the Proposed Action: No listed or extremely hazardous materials in excess of threshold quantities are proposed for use in this project. While commercial preparations of fuels and lubricants proposed for use may contain some hazardous constituents, they would be stored, used and transported in a manner consistent with applicable laws, and the generation of hazardous wastes would not be anticipated. Solid wastes would be properly disposed of.

Environmental Consequences of the No Action Alternative: No hazardous or other solid wastes would be generated under the no-action alternative.

Mitigation: The applicant shall be required to collect and properly dispose of any solid waste generated by the proposed actions.

WATER QUALITY, SURFACE AND GROUND (includes a finding on Standard 5)

Affected Environment: *Surface Water:* The proposed actions are located entirely within the Red Wash catchment area. Red Wash is an ephemeral system which flows primarily in response to snowmelt and high intensity precipitation events. Red Wash is a tributary to the White River which is a tributary to the Green River (tributary to Colorado River).

A review of the Colorado's 1989 Nonpoint Source Assessment Report (plus updates), the 305(b) report, the 303(d) list, and the White River Resource Area RMP was done to see if any water quality concerns have been identified. It should be noted that Red Wash has been listed on the states Monitoring and Evaluation list (M&E List) for sediment impairment. In addition, the White River ROD/RMP has also identified Red Wash as not meeting state water quality standards for both suspended sediment and salinity. Elevated sediment/salt loads (not meeting standards) correspond to short duration, high intensity flows resulting from runoff and intense precipitation events. Sediment/salt loads during low/no flow periods currently meet state water quality standards.

Stream segment 13a of the White River Basin is defined as all tributaries to the White River, including all wetlands, lakes and reservoirs from a point immediately above the confluence with Piceance Creek to a point immediately above the confluence with Douglas Creek, except for the specific listings in segments 13b through 20. Stream segment 13a has been classified as "Use Protected". Beneficial uses for segment 13a are as follows: Warm Aquatic Life 2, Recreation 2, and Agriculture. The antidegredation review requirements in the Antidegredation Rule are not applicable to waters designated use-protected. For those waters, only the protection specified in each reach will apply. Minimum standards for four parameters have been listed, these parameters are: dissolved oxygen = 5.0 mg/l, pH = 6.5 - 9.0, Fecal Coliform = 2000/100 ml, and 630/100 ml E. coli.

Ground Water: A review of the US Geological Survey Ground Water Atlas of the United States (Topper et al., 2003) was done to assess ground water resources at the location of the proposed actions. Information presented in Topper et al. (2003) indicates the northwestern extent of the Mesaverde aquifer encompasses the Red Wash drainage near the project area north of Colorado Hwy. 64. The Deserado Mine is situated along the southern limb of the Red Wash Syncline. Surface geology is Cretaceous in age (Upper Mesaverde Formation). The Upper Mesaverde Formation (Mesaverde Aquifer) consists primarily of sandstone with interbedded shale and coal, thicknesses can reach 7,000 feet. As a result of the interlayed nature of the Mesaverde Aquifer saturated thicknesses ranges from less than 500 to 2,000 feet and porosity is generally less than 10 percent (Topper et al., 2003). Beneath the Mesaverde Aquifer is the Mancos Shale. The Mancos Shale (confining unit) has an approximate thickness of 7,000'feet. This unit is comprised primarily of shale however within the unit, the Frontier Sandstone may occur as a local aquifer which is of poor water quality (highly saline). No water wells utilizing bedrock aquifers have been identified near the project area.

Environmental Consequences of the Proposed Action: Surface Water: Subsidence may temporarily alter natural surface water flow patterns. However, long-term impacts are not anticipated. Refer to original Deserado Mine Plan for further analysis on surface water impacts.

Ground Water: Ground water is not typically encountered in the coal seam being mined. Refer to original Deserado Mine Plan for further analysis on ground water impacts.

Environmental Consequences of the No Action Alternative: None

Mitigation: None

Finding on the Public Land Health Standard for water quality: Stream segment 13a is currently meeting water quality standards set by the state. Red Wash is a tributary to the White River (Segment 12) both are listed on the states Monitoring and Evaluation list (M&E list) for sediment impairment. Water quality in Segment 13a will continue to meet standards following implementation of the proposed project.

WETLANDS AND RIPARIAN ZONES (includes a finding on Standard 2)

Affected Environment: There are no wetlands or riparian habitats that will be potentially influenced by the proposed action.

Environmental Consequences of the Proposed Action: The proposed action would have no influence on wetland or riparian areas.

Environmental Consequences of the No Action Alternative: The no-action alternative would have no influence on wetland or riparian areas.

Mitigation: None

Finding on the Public Land Health Standard for riparian systems: The proposed action and no action alternatives would have no conceivable influence on the condition or function of riparian areas or associated habitats and therefore would have no influence on continued maintenance of associated land health standards.

CRITICAL ELEMENTS NOT PRESENT OR NOT AFFECTED:

No ACEC's, flood plains, prime and unique farmlands, or Wild and Scenic Rivers, threatened, endangered or sensitive plants exist within the area affected by the proposed action. For threatened, endangered and sensitive plant species Public Land Health Standard is not applicable since neither the proposed nor the no-action alternative would have any influence on populations of, or habitats potentially occupied by, special status plants. There are also no Native American religious or environmental justice concerns associated with the proposed action.

NON-CRITICAL ELEMENTS

The following elements **must** be addressed due to the involvement of Standards for Public Land Health:

SOILS (includes a finding on Standard 1)

Affected Environment: The following data is a product of an order III soil survey conducted by the Natural Resources Conservation Service (NRCS) in Rio Blanco County, CO. The following table highlights important soil characteristics. A complete summary of this information can be found at the White River Field Office.

Soil Number	Soil Name	Slope	Ecological site	Salinity	Run Off	Erosion Potential	Bedrock
53	Moyerson stony clay loam	15-65%	Clayey Slopes	2-4	Rapid	Very high	10-20
74	Rentsac-Moyerson-Rock Outcrop complex	5-65%	PJ Woodlands/Clayey Slopes	<2	Medium	Moderate to very high	10-20
75	Rentsac-Piceance complex	2-30%	PJ woodland/Rolling Loam	<2	Medium	Moderate to high	10-20
90	Torrifluvents gullied		None		Rapid	Very high	>60
94	Turley fine sandy loam	3-8%	Alkaline Slopes	2-4	Medium	Slight to moderate	>60

Environmental Consequences of the Proposed Action: Surface disturbance associated with the proposed action would be analyzed in a later document if needed. Subsidence associated with underground mining could change local base levels resulting in increased sediment deposition to areas of subsidence. Adverse environmental impacts resulting from short-term increases in sedimentation rates are not anticipated. For further analysis refer to the original Deserado Mine plan.

Environmental Consequences of the No Action Alternative: None

Mitigation: None

Finding on the Public Land Health Standard for upland soils: Soils within the project area are currently not meeting Public Land Health Standards. This is due to the lack of plant diversity, species with various root system depth, and vigorous desirable plant species. Implementing of the proposed actions will have no impact on land health standards.

VEGETATION (includes a finding on Standard 3)

Affected Environment: The land surface characteristics of the proposed action include a Rolling Loam and Pinyon–Juniper (PJ) Woodland/Rolling Loam ecological sites that are characterized by PJ trees, low shrubs, and grasses. There is a lack of appreciable understory within the Pinyon (*Pinus edulis*) and Juniper (*Juniperus osteosperma)* woodland. The Wyoming sagebrush community (*Artemisia tridentata* ssp. *wyomingensis)* has an understory consisting primarily of western wheatgrass (*Agropyron smithii*), Sandberg bluegrass (*Poa secunda*), needle-and-thread-grass (*Stipa comata*), Indian ricegrass (*Oryzopsis hymenoides*), and bottlebrush

squirreltail (*Sitanion hystrix*). Cheatgrass (*Bromus tectorum*), an invasive non-native species, is prevalent within the understory of the Wyoming sagebrush community.

Environmental Consequences of the Proposed Action: All actions associated with the proposal are subsurface, thus there are no disturbances and/or impacts that will occur affecting vegetation communities. If a surface subsidence occurs, there would be an opportunity for less desirable vegetation to displace native vegetation and dominate within the area of subsidence.

Environmental Consequences of the No Action Alternative: None

Mitigation: None

Finding on the Public Land Health Standard for plant and animal communities (partial, see also Wildlife, Aquatic and Wildlife, Terrestrial)*:* The area of the proposal is marginally meeting public land health standards for plant communities due to the occurrence of cheatgrass, which has displaced native vegetation within the landscape. This situation is not a result of mine activities nor would the proposal have a negative or positive affect on public land health standards.

WILDLIFE, AQUATIC (includes a finding on Standard 3)

Affected Environment: There are no aquatic habitats conceivably affected by this action.

Environmental Consequences of the Proposed Action: The proposed action would have no influence on aquatic wildlife or associated habitat.

Environmental Consequences of the No Action Alternative: The no action alternative would have no influence on aquatic wildlife or associated habitat.

Mitigation: None

Finding on the Public Land Health Standard for plant and animal communities (partial, see also Vegetation and Wildlife, Terrestrial): The proposed action and no action alternatives would have no conceivable influence on the condition or function of aquatic wildlife or associated habitats and therefore would have no influence on continued maintenance of associated land health standards.

WILDLIFE, TERRESTRIAL (includes a finding on Standard 3)

Affected Environment: The project area's lower elevation sagebrush ranges and juniper woodlands are generally occupied by deer, elk and pronghorn during the winter and early spring months (November through early May).

Raptor species such as golden eagle, ferruginous hawk and red-tailed hawk may opportunistically forage throughout the area; however the conformation of low stature juniper

woodlands do not typically provide well-developed raptor nest habitat. There are no cliff-dwelling species that derive important use from the area.

Small mammal populations are poorly documented, however, the species that are likely to occur in this area display broad ecological tolerance and are widely distributed throughout the Rocky Mountain regions. No narrowly distributed or highly specialized species or subspecific populations are known to inhabit this area.

Environmental Consequences of the Proposed Action: Disturbance associated with the proposed action will be subsurface and therefore would not have any potential to negatively impact terrestrial wildlife or adversely modify the suitability or utility of associated habitats. Although there is potential for future development of small-scale facilities on these parcels, such proposals would be evaluated at that time as individual actions.

Environmental Consequences of the No Action Alternative: The no-action alternative would not have any potential to negatively impact terrestrial wildlife or wildlife resources.

Mitigation: None

Finding on the Public Land Health Standard for plant and animal communities (partial, see also Vegetation and Wildlife, Aquatic): The proposed action and no action alternatives would have no conceivable influence on the condition or function of terrestrial wildlife or associated habitats and therefore would have no influence on continued maintenance of associated land health standards.

OTHER NON-CRITICAL ELEMENTS: For the following elements, only those brought forward for analysis will be addressed further.

Non-Critical Element	NA or Not Present	Applicable or Present, No Impact	Applicable & Present and Brought Forward for Analysis
Access and Transportation		X	
Cadastral Survey	X		
Fire Management	X		
Forest Management		X	
Geology and Minerals			X
Hydrology/Water Rights	X		
Law Enforcement		X	
Noise		X	
Paleontology			X
Rangeland Management		X	
Realty Authorizations			X
Recreation		X	
Socio-Economics		X	
Visual Resources		X	

Non-Critical Element	NA or Not Present	Applicable or Present, No Impact	Applicable & Present and Brought Forward for Analysis
Wild Horses	X		

GEOLOGY AND MINERALS

Affected Environment: The proposed area lies in the White River Basin which is the eastern part of the larger Uinta Basin that extends from northwestern Colorado into eastern Utah. Within northwestern Colorado the Mesaverde Group has been divided into two formations: the lower Iles Formation and the upper Williams Fork Formation which are separated by the Trout creek Sandstone. The lower Williams Fork Member contains coal seams identified as seams A through J. Deserado Mine's zone of interest is the B coal seam located in the Lower Williams Fork Formation of the Mesaverde Group. Although there are several smaller coal seams the B seam is the only mineable seam in the proposed 120 acres. It is divided into two separate splits, the Upper and the Lower B-Seam with a parting that ranges from 0.6 to 2.7 feet. The estimated coal reserve base for the 120 acres is approximately 3.48 million tons (both splits of the B-seam), the estimated mineable reserve base is 1.77 million tons (lower B-seam), and the estimated recoverable reserve is 1.24 million tons of coal. The majority of Mining is projected to occur in the lower B-seam

Environmental Consequences of the Proposed Action: Maximum economic recovery of the coal resource within and adjacent to the 120 acre tract will occur.

Environmental Consequences of the No Action Alternative: Maximum economic recovery of the coal resource adjacent to the lease modification would not occur. Approximately 20 acres or approximately 200,000 tons of recoverable coal resources would not be available for coal development due to boundary pillars.

Mitigation: None

PALEONTOLOGY

Affected Environment: the area of the proposed lease/logical mining unit adjustment is generally mapped as the Mesa Verde Unit (Tweto 1979) which the BLM has classified as a Condition I fossil formation meaning it is known to produce scientifically important fossil resources. Some fossils were originally reported in the during the Coal PRLA inventories for the Deserado Mine though they were apparently not formally evaluated. Deserado mine has also recovered fossil foot prints from the ceilings of the long wall cavities.

Environmental Consequences of the Proposed Action: Adjusting of the lease/logical mining unit boundaries will not have any direct effects on any fossil resources that might be present. Future developments that require surface disturbing activities that entail excavation into the underlying rock formation may impact previously undetected fossil resources.

Environmental Consequences of the No Action Alternative: There would be no new impacts to fossil resources under the No Action Alternative.

Mitigation: 1. The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing paleontological sites, or for collecting fossils. If fossil materials are uncovered during any project or construction activities, the operator is to immediately stop activities in the immediate area of the find that might further disturb such materials, and immediately contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear to be of noteworthy scientific interest
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not feasible)

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation cost. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

2. If, in the future, it becomes necessary to excavate into the underlying rock formation to construct any mine facilities, except bore holes, a paleontological monitor shall be required to be present before and during any such excavations in to the underlying rock formations.

REALTY AUTHORIZATIONS

Affected Environment: The coal lease modification has several rights-of-way that are contained within the lease modification area. COC31640 is an access road and COC30119 is the conveyor belt—both of these rights-of-way are held by Blue Mountain Energy. Moon Lake Electric has two power lines in the area COC30368 and COC31725. Century Telephone has two rights-of-way COC31245 and COC36321. COC49144 is a county road going back to the east and north of the lease modification site.

Environmental Consequences of the Proposed Action: Impacts to these ROWs are not anticipated as a result of the proposed action.

Environmental Consequences of the No Action Alternative: None

Mitigation: None

CUMULATIVE IMPACTS SUMMARY: No cumulative impacts associated with the proposed action were identified.

REFERENCES CITED:

Chandler, Susan M., and Paul R. Nickens
1979 Archaeological Investigations of he Coal Development Areas and Coal Transport Corridors for the Moon Lake Project, Rio Blanco County, Colorado and Uintah County, Utah. Nickens and Associates, Montrose, Colorado.

Topper, R., K.L. Spray, W.H. Bellis, J.L. Hamilton, and P.E. Barkmann. 2003. Groundwater Atlas of Colorado, Special Publication 53. Prepared for State of Colorado Department of Natural Resources, Division of Minerals and Geology. Colorado Geological Survey. Denver, Colorado.

Tweto, Odgen
1979 Geologic Map of Colorado. United States Geologic Survey, Department of the Interior, Reston, Virginia.

PERSONS / AGENCIES CONSULTED: None

INTERDISCIPLINARY REVIEW:

Name	Title	Area of Responsibility
Nate Dieterich	Hydrologist	Air Quality, Water Quality, Surface and Ground Hydrology and Water Rights, Soils
Tamara Meagley	Natural Resource Specialist	Areas of Critical Environmental Concern, Threatened and Endangered Plant Species
Michael Selle	Archeologist	Cultural Resources, Paleontological Resources
Jed Carling	Rangeland Management Specialist	Invasive, Non-Native Species, Vegetation
Lisa Belmonte	Wildlife Biologist	Migratory Birds, Threatened, Endangered and Sensitive Animal Species, Wildlife, Wildlife Terrestrial and Aquatic
Melissa Kindall	Hazmat Collateral	Wastes, Hazardous or Solid
Lisa Belmonte	Wildlife Biologist	Wetlands and Riparian Zones
Chris Ham	Outdoor Recreation Planner	Wilderness
Chris Ham	Outdoor Recreation Planner	Access and Transportation, Recreation
Ken Holsinger	Natural Resource Specialist	Fire Management
Robert Fowler	Forester	Forest Management
Paul Daggett	Mining Engineer	Geology and Minerals
Jed Carling	Rangeland Management Specialist	Rangeland Management
Penny Brown	Realty Specialist	Realty Authorizations
Keith Whitaker	Natural Resource Specialist	Visual Resources
Valerie Dobrich	Natural Resource Specialist	Wild Horses

Finding of No Significant Impact/Decision Record (FONSI/DR)

CO-110-2006-057-EA

FINDING OF NO SIGNIFICANT IMPACT (FONSI)/RATIONALE: The environmental assessment and analyzing the environmental effects of the proposed action have been reviewed. The approved mitigation measures (listed below) result in a Finding of No Significant Impact on the human environment. Therefore, an environmental impact statement is not necessary to further analyze the environmental effects of the proposed action.

DECISION/RATIONALE: It is my decision to approve the modification of Blue Mountain Energy's Coal Lease as described in the proposed action, with the mitigation measures listed below.

MITIGATION MEASURES:

1. Applicable mitigation from the Blue Mountain Energy Inc., Mining Permit Application – Deserado Mine Plan will remain in full force and affect for all resources.

2. The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during any project or construction activities, the operator is to immediately stop activities in the immediate area of the find that might further disturb such materials, and immediately contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary)
- a timeframe for the AO to complete an expedited review under 36 CFR 800-11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation cost. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

3. Pursuant to 43 CFR 10.4(g) the holder of this authorization must notify the AO, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the authorized officer.

4. Due to the age of the first inventory and the changes in landscape and protocols with the SHPO any surface activity that may impact the sites shall require that the sites be reevaluated and NRHP eligibility determined prior to the initiation of any such ground disturbing activity.

5. If a surface subsidence occurs, the applicant shall monitor the disturbed area for the presence of invasive, non-native, and/or noxious plant species that may become established as a result of the subsidence. The applicant will be responsible for eradicating cheatgrass, noxious weeds, and/or problem weeds should they occur and/or increase in density as a result of the proposed action.

6. Upon detection of noxious, non-native, and/or invasive plant species, the applicant will control their presence before seed production using materials and methods as outlined in the RMP and/or authorized in advance by the White River Field Office Manager.

7. Application of herbicides must be under field supervision of an EPA certified pesticide applicator. Herbicides must be registered by the EPA and application proposals must be approved by the BLM.

8. The applicant shall be required to collect and properly dispose of any solid waste generated by the proposed actions.

9. The operator is responsible for informing all persons who are associated with the project operations that they will be subject to prosecution for knowingly disturbing paleontological sites, or for collecting fossils. If fossil materials are uncovered during any project or construction activities, the operator is to immediately stop activities in the immediate area of the find that might further disturb such materials, and immediately contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

- whether the materials appear to be of noteworthy scientific interest
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not feasible)

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation cost. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

10. If, in the future, it becomes necessary to excavate into the underlying rock formation to construct any mine facilities, except bore holes, a paleontological monitor shall be required to be present before and during any such excavations in to the underlying rock formations.

COMPLIANCE/MONITORING: Per BLM Manual for 43 CFR subpart 3486, Inspection and Enforcement, Production Verification, and Appeals.

NAME OF PREPARER: Paul Daggett

NAME OF ENVIRONMENTAL COORDINATOR: Caroline Hollowed

SIGNATURE OF AUTHORIZED OFFICIAL: Kent E. Walter
Field Manager

DATE SIGNED: 04/06/06

ATTACHMENTS: Location map of the Proposed Action.

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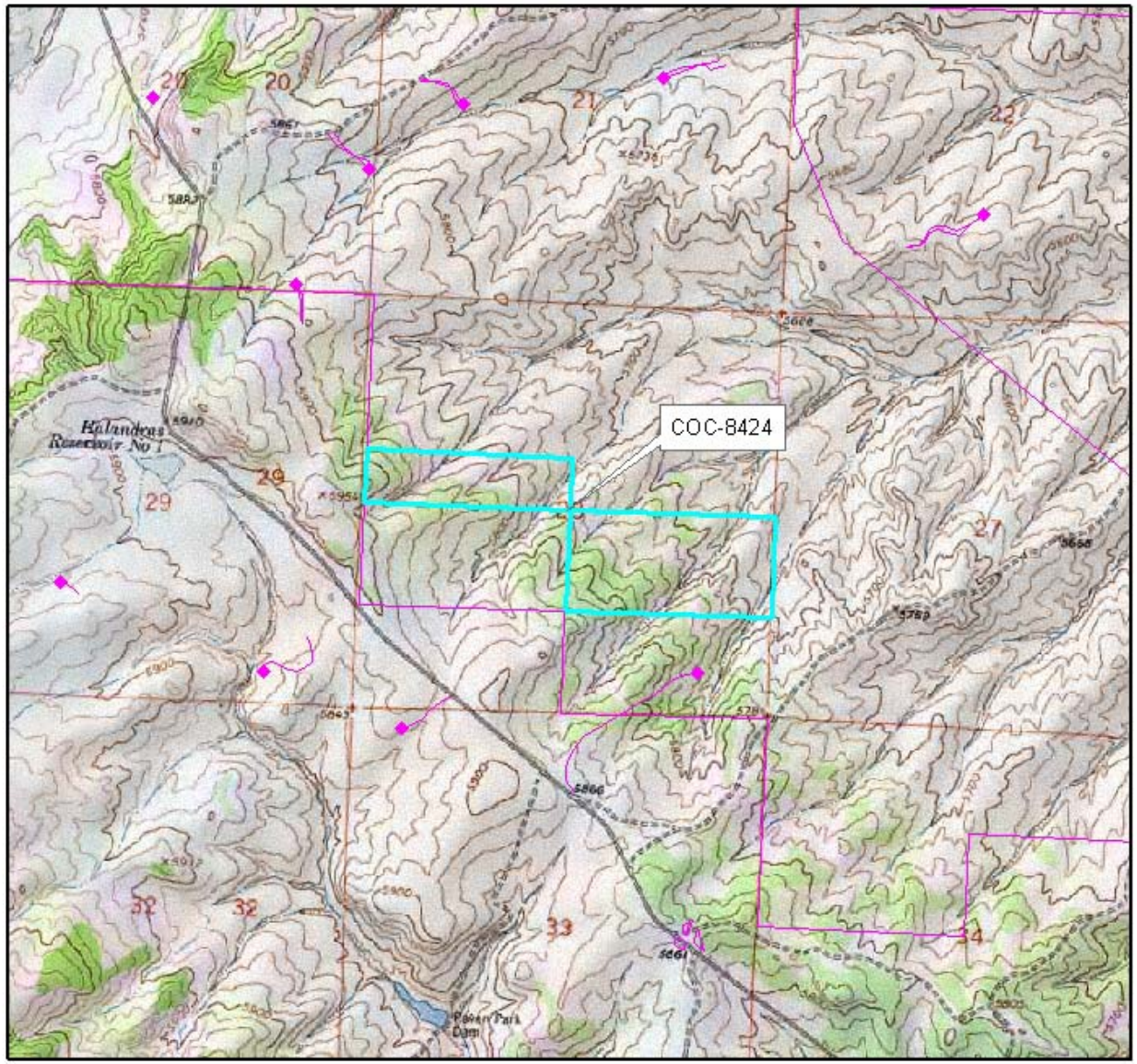

Field office boundary
Projects: point
Projects: line
Projects: polygon

N

1:24,000

4/6/2006